[English]

Foreign Capital

371. KUMARI UMA BHARATI :
SHRI SATYA DEO SINGH :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government propose to make the rules flexible in order to mobilise foreign capital,

(b) if so, the details thereof,

(c) the time by which final decision is likely to be taken in this regard, and

(d) the additional capital investment likely to be made in the country as a result of making the relevant rules flexible?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (c). With a view to increase the mobilisation of foreign capital in the international capital market, and on the basis of periodic review and assessment o
the current economic situation, the Government has announced on 19th June 1996, through a Prass Note, revised Guidelines, for Euro issues by Indian Companies The Guidelines, inter-alia provide for

(i) Relaxation in track record requirement for Indian Companies raising Euro issues to finance investments in infrastructure projects,

(ii) Removal of restriction on the number of Euro issues which may be floated by a company or Group of companies in a financial year,

(iii) Broadening the areas of deployment of issue proceeds,

(iv) Permitting Banks Financial Institutions and Non-Banking Finance Companies (registered with Reserve Bank of India) to float GDR issues with the restriction that the issue proceeds shall not be deployed in stock markets and real estate sector.

(d) The international investors perception and interest in, Indian scrips is a function of several variables, including exogenous factors like the movements in United States interest rates attractiveness of other emerging market equities performance of the international capital markets etc Accordingly while the Government's ongoing efforts are intended to attract more investments in the Indian Industry, no precise estimates are possible on the amount of additional inflows of capital consequent to the announcement of the guidelines

[Translation]

World Bank Loan for Bihar

372. SHRI VIRENDRA KUMAR SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether any proposal has been sent to the World Bank for loan for the development projects;

(b) if so, whether the World Bank recently has agreed to give loan for the development schemes of Bihar, and

(c) if so, the names of such projects and amount of loan to be provided to the State Government?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (c) Apart from ongoing projects in Bihar with World Bank assistance, proposals for possible World Bank financing for Bihar Forestry Project, Subernrekha Irrigation Project, Bihar Primary Education Project and Reform and Restructuring of Bihar State Electricity Board are at various stages of processing. The details including the amount for these projects will be known only after the finalisation of aid negotiations with the World Bank.

[English]

FERA Violation in Urea Scam

373 SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) whether any investigation had been made by the Reserve Bank of India and his Ministry into the affairs of State Bank of India, New Delhi violating the Foreign Exchange Regulation Act (FERA) norms in the Rs 133 crore Urea Import scam; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) (a) and (b) Some officers of the State Bank of India (SBI) have been examined by the Enforcement Directorate in this connection Reserve Bank of India (RBI) has also conducted a snap inspection of SBI's South Extension (New Delhi) branch. Four officials of SBI have been placed under suspension

Prices of essential Commodities

374 SHRI HARIN PATHAK Will the Minister of FINANCE be pleased to state

(a) whether the process of liberalisation has any relation with the rise in the prices of essential commodities, and

(b) if so, the measures taken to counter the adverse effect of liberalisation on prices of essential commodities?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) and (b). Economic liberalisation can affect prices of essential commodities in different ways. For example, liberalisation of imports of essential commodities generally helps to contain the rise in prices of essential commodities. On the other hand, liberalisation of export controls can, in the short trun, put upward pressure on prices. Economic liberalisation and price movements are closely related. In the short-run, depending upon forces of supply and demand, prices may sometimes rise. In the long-run, however, free market in commodities ensures optimisation of costs and prices.

In order to counter the short-term adverse impact of liberalisation on prices of essential commodities, Government has undertaken active supply management measures and also taken steps to contain the fiscal deficit and growths of money supply. To augment domestic supply of essential commodities, Government have allowed OGL imports of edible oils, sugar, pulses, etc at concessional duties. Government has also undertaken large open market sales of wheat and rice from public stocks.

Bye-lane on NH No.52

375 DR ARUN KUMAR SARMA : Will the Minister of SURFACE TRANSPORT be pleased to state :

(a) whether the Union Government propose to construct a bye-lane on National Highway No 52 at Lakhimpur;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF SURFACE TRANSPORT (SHRI T G. VENKATRAMAN) (a) to (c) No Sir. There is no Provision for Lakhimpur bypass in 8th five year plan. Works of improvement to National Highways are being taken up depending upon the availability of funds and Inter-se priority Bypasses have been given lower priority

[Translation]

Concessional Rates of Interest on Loans to SSIs

376 SHRI ANANTH KUMAR .
SHRI SATYA DEO SINGH .

Will the Minister of FINANCE be pleased to state

(a) whether the Union Government propose to give relaxation in interest rates and accord priority in providing loans to the small scale industries;

(b) if so the details thereof and

(c) the time by which the final decision is likely to be taken in this regard?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) to (c). The Reserve Bank of India (RBI) has reported that as per the present interest rate policy, the rate of interest is linked to the quantum of loan and the purpose-wise linkage has been done away with.

RBI has further reported that based on the recommendations of the Nayak Committee, it has simplified the procedure for providing credit to small scale industrial (SSI) units. All commercial banks have been instructed by RBI to sanction working capital limits of less than Rs. one crore to SSI units on the basis of 20% of their projected annual turnover. Banks have also been instructed to give preference to village industries, tiny industries and other small scale units in that order, while meeting the credit requirements of the SSI sector

Price Rise

377 SHRI NITISH KUMAR :
JUSTICE GUMAN MAL LODHA

Will the Minister of FINANCE be pleased to state

(a) whether 100 commodities recorded 10 per cent price rise as reported in Daily Tribune dated May 15, 1996.

(b) whether inspite of inflation rate falling down the prices of 33 food products have registered a double digit increase between April, 1995 and March, 1996;

(c) if so, the reasons therefor, and

(d) the steps taken by the Government to contain the price rise?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (c) At the end or March, 1996 the Woolesale Price Index stood at 299 5 as against 286 8 a year back, thus registering an annual rise of 4 4 per cent The magnitude of change in Wholesale prices of various commodities during the year from April, 1995 to March 1996 is listed below :

No of Commodities	% Changes
63	No change
84	Negative
72	Less than 5%
80	5-10%
2	10%
120	above 10%
26	Not available
447	